

Benchmarks

PM-USA has established a series of benchmarks which we will use to monitor the success of our 1994 strategy and trigger corrective actions. Nielsen audits (6 week moving basis) will be used to determine shares, the discount growth rate and lowest deep discount pricing.

PM-USA SOM	43.5 (lower limit)
Marlboro SOM	25.4 (lower limit)
Basic SOC	15.3 (lower limit) 15.0
Discount Category Growth	>2 pp annualized
Private Label SOM	9.0 (upper limit) 8.5
Lowest Deep Discount Price	<\$1.35 per pack 1.32 or Marlboro price gap >50¢

Risks/Contingency Plans

Trigger

Action

PM-USA SOM because OPB Weak	Increase Promotion Spending
PM-USA SOM because PM Discount Weak	Initiate Price Promotion in Mainstream Outlets if Price Disadvantaged
Marlboro SOM from Premium Attack	Increase Promotion in Kind on Relevant Packings (e.g. Medium against Camel B1G1F)
Marlboro SOM from Discount Attack	Tactical Incentive/Product/Price Programs Tactical Buy downs at Retail List Price Reduction
Weak Basic SOC, but Discount Growth Rate Not Above 2 pp Annualized	Tactical Bonus Product Promotion
Discount Category Growth	Tactical Marlboro Buy downs at Retail Initiate Price Promotion in Mainstream Outlets Consolidate Discount Prices Down to Lowest Dead Net PL Level
Private Label Growth	Increase Price Promotion Consolidate Discount Prices Down to Lowest Dead Net PL Level
Lowest Deep Discount Prices	Basic/Cambridge Tactical Programs Consolidate Discount Prices Down to Lowest Dead Net PL Level

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